

Statement of Considerations

REQUEST BY UNITED TECHNOLOGIES RESEARCH CENTER, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER SUBCONTRACT NO. 4000009518 UNDER DOE PRIME CONTRACT NO. DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-01-026 [ORO-766]

Petitioner, United Technologies Research Center, has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Subcontract No 4000009518 under DOE Prime Contract No. DE-AC05-00OR22725. The scope of this work is to develop a building combined heat and power (BCHP) system. In a BCHP, microturbines, high temperature fuel cells, and combinations of each produce electric power at the site while exhaust gas from the power plants is utilized to produce cooling, refrigeration, space heating, hot water and dehumidification for the building. This work is sponsored by the Office of Distributed Energy Resources, Office of Power Technologies.

The total dollar amount of the subcontract is \$4,250,833 of which Petitioner is cost-sharing 33.5% or \$1,423,003. The period of performance is two years starting June 2001.

The Petitioner is the central research and development center of United Technologies Corporation (UTC), which is a multi-national corporation with recognized expertise and high quality products in many markets. Included in these are high performance, low emission gas turbine engines for military and commercial aeroengines and ground power gas turbines produced by Pratt & Whitney, including Pratt & Whitney Canada (PWC), a wholly-owned subsidiary of UTC ; high performance electrical generators and converters produced by Hamilton Sundstrand (HS); and heating and air conditioning components and systems produced by UTC's Carrier Corporation. According to its waiver petition, Petitioner supports all the UTC business units and has developed technologies that enhance and revolutionize their products. Thus, Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement.

UTC has a substantial financial investment directly related to the work to be performed under this agreement. PWC is investing more than \$50M to develop the initial microturbine engine for the ST5 over the next two years. HS invests more than \$10M annually to develop new power generator and converter technology. Petitioner directly receives approximately \$30M annually from UTC for new technology and tool development. Approximately 10% of this value has been aligned with the new technologies of advanced microturbine system.

Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention of by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.


Petitioner has agreed that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Petitioner can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Petitioner has further agreed to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the

Petitioner or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Granting of the waiver should have little effect on competition since there are several competing technology options being applied to develop packaged BCHP systems.

Furthermore, grant of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.


In view of the substantial level of cost sharing by Petitioner and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.


Emily G. Schneider
Assistant Chief Counsel for
Intellectual Property

Date: 9/10/01


Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interests of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared agreement where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:


William P. Parks, Jr.
Associate Deputy Assistant Secretary for
Power Technologies

Date: 11/27/01

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer
and Intellectual Property

Date: 11-30-01

pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or (iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(u) U. S. Competitiveness. The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Contractor can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

(End of clause)